

APPENDIX B — 2005-2010 AMENDED RETAIL SERVICE QUALITY PLAN FOR VERIZON

Effective January 1, 2005

The Verizon Retail Service Quality Plan ("SQ Plan") establishes the method by which the Board will monitor and evaluate Verizon's retail service quality performance during the term of Verizon's Alternative Regulation Plan, as that Plan may be approved by the Board. The SQ Plan shall run for a period of six (6) calendar years, (2005–2010), unless otherwise decided by the Board.

A. Performance Areas.

1. Network Trouble Report Rate-Vermont: reports per 100 lines
2. Troubles Not Cleared within 24 hours-Residence: percent
3. Troubles Not Cleared within 24 hours-Business: percent
4. Calls Not Answered within 20 seconds-Residence Offices: percent
5. Calls Not Answered within 20 seconds-Business Offices: percent
6. Repair Centers
 - a. Busy Rate: percent
 - b. Calls Not Answered Within 20 seconds: percent
7. Installation Commitments Not Met for Company Reasons-Residence and Business Total: percent
8. Installation Held Orders Residence and Business Combined:
 - a. Missed Installation Rate: percent
 - b. Average Delay Days for Missed Installations: days
9. Service Reliability:
 - a. Service Outage (5,000 lines over 30 minutes): number of events
 - b. Interoffice Facility Failure (30,000 lines over 30 minutes): number of events
 - c. Signaling System Failure (outages over 30 minutes): number of events
- 10A. Umbilical Blockage
 - a. Units greater than .11% Blocking: percent
 - b. Units greater than .11% Blocking for longer than 3 consecutive months: percent

- c. Units greater than 0.0% blocking: percent

10B. Dial Tone Speed

- a. Switch modules with dial tone delay greater than .20%: percent
- b. Switch modules at greater than .25% dial tone delay for longer than 9 consecutive months: number of modules

Attachment 1 contains the definitions and data sources for each of the Performance Areas.

B. Baseline Standards.

- 1. The Baseline Standard for each Performance Area appears in Attachment 2.

C. Annual Retail Service Quality Filing.

- 1. Verizon shall make an annual Retail Service Quality filing with the Board and the Department. The first annual Retail Service Quality filing will measure Verizon's Retail Service Quality for the 12 months ending December 31, 2005. For subsequent SQ Plan years, the annual Retail Service Quality filing will rely on retail service quality results for the 12 months ending December 31 for the year preceding the filing. Verizon will file its annual report on or before March 31 of the subsequent calendar year with respect to each calendar year of the SQ Plan. The annual Retail Service Quality filing shall include a section that reports the monthly and annual results for each Performance Area in the SQ Plan and the calculation of service quality compensation points and dollars, if any.
- 2. Service quality compensation will be expressed in terms of dollars and is calculated based on service quality compensation due to customers for failure to meet a Baseline Standard in the prior calendar year.
- 3. Service quality compensation dollars shall be paid to customers by a one-time rebate. Verizon shall propose at the time of its annual Retail Service Quality filing to which customers service quality compensation shall be paid.
- 4. If service quality compensation dollars are owed, Verizon shall propose at the time of its annual Retail Service Quality filing the manner of communication to its customers concerning its service performance for the prior 12 month reporting period.
- 5. Verizon may seek a waiver from the Board of the imposition of service quality compensation points associated with any Performance Area in Section A. above, at the time of its annual Retail Service Quality filing. A waiver may only be granted based upon exceptional circumstances. A waiver request may be the result of an event or circumstance in any state served by a Verizon service center that affects Verizon results. The burden shall be on Verizon to demonstrate that

its level of preparedness and response was reasonable in light of the cause of the failure.

Notwithstanding the provisions of paragraph C-6, no such waiver or reduction of service quality compensation points shall be effective unless approved by the Board.

6. The Department shall file any objection to the annual Retail Service Quality filing, as described in paragraphs C-1 through C-5 above, in writing within thirty (30) days after BA-VT files its Retail Service Quality filing. If the Department files no objection within 30 days, the Retail Service Quality filing will be deemed accepted and approved. If the Department files a timely written objection, the Board will proceed to resolve the dispute.

D. Compensation Calculation.

1. The calculation of the service quality compensation dollars is set forth in Attachment 3.
2. Each Performance Area is measured separately so that performance in one area cannot offset performance in another.
3. Performance Areas 6 and 8 each consist of two subcategories, each of which is worth 50% of the point total for these Performance Areas.
4. For all Performance Areas, with the exception of Performance Area 9, points are assigned each year based on the actual performance during the annual 12-month reporting period. Actual performance shall be compared to the Baseline Standard. The deviation of the actual performance compared to the Baseline Standard is expressed as a percent deviation from the Baseline Standard. This percent deviation shall be expressed as points by multiplying the percent (as expressed as a decimal) by 100 so that each point equals a one percent deviation from the baseline. No points are assigned if Verizon achieves results equal to or below (i.e., better than) the Baseline Standard. When Verizon performs above (i.e., worse than) the Baseline Standard, the applicable points are calculated for each Performance Area and totaled. The total of these points is referred to as "service quality compensation points."
5. Performance Area 9 (including all three subcategories) is measured per event. If there is more than one event in total for any or all three subcategories in Performance Area 9, Verizon will pay service quality compensation as follows: if the event is a Service Outage or Signaling System Failure, Verizon will incur 10 service quality compensation points; if the event is an Interoffice Facility ("IOF") Failure, the service quality compensation points will accrue according to the length of the outage. If the IOF outage duration is more than 30 minutes, but at or less than 60 minutes, 5 service quality compensation points will be assessed. If

the IOF outage is more than 60 minutes, an additional 15 service quality compensation points will be assessed. In no circumstances will more than 20 service quality compensation points accrue for anyone IOF event.

6. A dollar amount will be assigned to service quality compensation points. Service quality compensation dollars are assessed on a sliding scale up to a maximum one year total of \$10,515,650, which is equal to 300 service quality compensation points. A dollar amount is assigned to each service quality compensation point within a range such that increasing service quality compensation points results in higher service quality compensation dollars per point. The service quality compensation dollars are calculated incrementally, that is, the service quality compensation dollars are calculated first at the bottom tier for the applicable service quality compensation points (e.g., the first 25 points are worth \$10,000 dollars per point). The next range of service quality compensation points is multiplied by the next highest dollar amount (e.g., if there are 50 points, the first 25 are worth \$10,000 per point and the next 25 are worth \$15,000 per point, for total service quality compensation of \$625,000.)

E. Measurement Procedures.

1. The measurement frequency for each Performance Area is described in Attachment 1.
2. The Company's performance will be measured and reported to one decimal place for Performance Areas 1,2,3,6, and 7, to two decimal places for Performance Area 8(a),10A, and 10B(a) and to whole numbers (zero decimal places) for Performance Areas 4, 5, 8(b) and 10B(b).
3. Commencing with the start of the SQ Plan, Verizon shall retain all internal reports, and data supporting these reports, that document the results of each of the Performance Areas of the SQ Plan for a period of not less than 12 months after the annual Retail Service Quality filing. Verizon shall provide the above data and allow the Department to audit the retail service quality performance data associated with the Performance Areas of the SQ Plan at reasonable times and conditions, with reasonable notice.
4. Any change in Verizon's methods and procedures that may alter the measurement and assessment of data in the SQ Plan will be communicated to the Department prior to the change. If any proposed change in measurement procedures or internal reporting methods affects a mutually agreed upon Performance Area definition and corresponding Baseline Standard, Verizon will negotiate with the Department an appropriate performance definition and the Baseline Standard. Any data related to the SQ Plan reported to the Department that reflects significantly altered measurement procedures or internal data acquisition methods that have not been agreed to between Verizon and the Department shall be subject to challenge

and potential exclusion from results compilation and subsequent compensation point scoring as identified in this Plan. Verizon shall have an affirmative duty to report missing data or other events that could reasonably affect the quality of the data at the time Verizon becomes aware of such events.

F. Other Provisions.

1. Quarterly (by the 45th day after the end of the calendar quarter) and at the time of its annual Retail Service Quality filing, Verizon shall report to the Department monthly results for Performance Areas 1-9. Verizon shall also report events in Performance Area 9 as soon as possible after the condition is identified.
2. Verizon and the Department will work to jointly develop and implement an electronic reporting form within sixty (60) days of the approval of this SQ Plan by the Board.
3. Verizon and the Department will meet regularly to discuss retail service quality issues, trends in retail service quality data reported by Verizon, issues raised by customer complaints filed with the Department, and policy issues relating to customer service. These meetings will be initiated by Verizon on a periodic basis with an initial goal of meeting quarterly. These meetings will focus on customer service and network reliability issues raised by customer complaints filed with the Department and other communications the Department from the customers. Among the permanent agenda items for these meetings will be the analysis of service outage data at thresholds below the Baseline Standards (i.e. better than) as established by this SQ Plan. The intent of these informal meetings is to exchange information in an open and frank atmosphere, to suggest pragmatic solutions and solve problems.
4. Customer Specific Credits - Residence. Verizon will continue its existing customer-specific credits including, but not limited to, residential customer-specific credits to be offered when Verizon fails to install service on the original negotiated due date, and a waiver of the non-recurring installation fee for those customers whose installation is Held for Cable.
5. The terms and conditions of this SQ Plan shall supersede any substantially similar Retail Service Quality requirements, performance areas and baseline standards, and reporting methods imposed upon Verizon pursuant to Board Docket No. 5903 or other Board proceedings. To the extent the Board imposes service standards or obligations that do not exist in the SQ Plan, Verizon will adhere to those requirements. Nothing in this SQ Plan shall affect Verizon's obligations under any consumer protection and privacy standards ordered by the Board.
6. The parties will exchange information and negotiate in good faith to resolve pending consumer complaints concerning delay in access to dial tone and fast busy conditions.

7. If at any time during the term of the SQ Plan, Verizon changes from an open queue to a managed queue that would provide a caller a busy announcement or a busy signal when the queue is full in any of the customer service centers (Residence or Business) affecting Vermont, the Baseline Standard for Performance Areas 4 & 5 will be recalculated as described below. The Percent of Calls Not Answered Within 20 Seconds-Residence Offices and -Business Offices is each calculated by summing all calls into a respective center (Residence or Business) that are not answered within 20 seconds plus all calls that receive a busy recording or busy signal plus all abandoned calls (numerator), and dividing by the total incoming calls to the respective center (denominator). The Baseline Standard for Percent Calls Not Answered Within 20 Seconds - Residence Offices and - Business Offices shall each remain at 25% for the term of the SQ Plan.

Attachment 1

Performance Area Definitions

Performance Area 1 - Network Trouble Report Rate (NTRR): This performance area measures customer trouble reports to Bell Atlantic repair centers. Residence and Business reports are accumulated by exchange on a combined basis and tallied to a state result. Trouble reports for Special Services, Carrier Exchange Access and Public Telephone Services are not included. The NTRR includes service affecting troubles caused by outside plant conditions (disposition codes 03AX, 03BX and 04XX), central office conditions (disposition code 05XX), found OK in the central office (disposition code 08XX), found OK in outside plant attributable to the network (disposition code 09AX) and those troubles found OK prior to dispatching a technician (disposition code 07XX). It does not include trouble reports caused by customer provided equipment (disposition code 12XX) or subsequent¹ reports. The NTRR is calculated by dividing the number of combined Residence and Business reports by the number of Verizon access lines as expressed in hundreds of lines. This information is resident in the INTEGrated Results Information System (Integris). The NTRR is calculated monthly and the monthly results are averaged to determine annual performance.

Performance Areas 2 & 3 - Percent Troubles Not Cleared Within 24 Hours - Residence and Business: These performance areas measure the percentage of residence and business exchange service affecting troubles which have not been repaired by Verizon within 24 hours from the time of receipt of the initial trouble report. This information is resident in the Trouble Report Evaluation and Analysis Tool (TREAT). Business and Residence results are calculated separately. The Percent Troubles Not Cleared in 24 Hours - Residence and Business is calculated monthly and the monthly results are averaged to determine annual performance.

Performance Areas 4 & 5 - Percent of Calls Not Answered Within 20 Seconds -Residence Offices and Business Offices: These performance areas measure the number of customer calls to a Verizon Residence or Business Office that are not answered within twenty (20) seconds. These calls are measured by the management information system of the Automatic Call Distributor (ACD). All calls to Residence Centers and Business Centers are answered by the ACD. The customer chooses from a menu to speak with a customer representative or to continue with an automated voice response unit (VRU). Call timing begins once the customer chooses an option to speak with a customer representative or elects not to choose an option but remains on the line. In either case, the call is sent to the next available customer representative or to the waiting queue if all representatives are busy. Timing ends when a customer representative answers the

1. A subsequent report is a customer initiated call to a Bell Atlantic repair center to check the status of an existing trouble already reported to the repair center or to add additional information to the initial report

call.² Customers choosing the VRU option are not counted in this calculation. The percent of calls not answered within 20 seconds is calculated by dividing the number of calls not answered within 20 seconds by the total volume of calls. The percentage of calls not answered within 20 seconds is calculated separately for Residence and Business Centers. The Percent of Calls Not Answered Within 20 Seconds-Residence Offices and Business Offices is calculated monthly and the monthly results are averaged to determine annual performance.

Performance Area 6a - Repair Centers - Busy Rate: This performance area measures the percentage of time customers encounter a busy recording or busy signal when calling the Repair Centers.³ The Busy Rate represents the total customer calls that encounter the busy recording or busy signal divided by the total calls offered and is measured by the Repair Center's force management system of the ACD. The Busy Rate- Repair Centers is calculated monthly and the monthly results are averaged to determine annual performance.

Performance Area 6b - Repair Centers - Calls not Answered Within 20 Seconds: This performance area measures the number of customer calls to a Verizon Repair Office that are not answered within twenty (20) seconds. These calls are measured by the management information system of the Automatic Call Distributor (ACD). All calls to Repair Centers are answered by the ACD. The customer chooses from a menu to speak with a customer representative or to continue with an automated voice response unit (VRU). Call timing begins once the customer chooses an option to speak with a customer representative or elects not to choose an option but remains on the line. In either case, the call is sent to the next available customer representative or to the waiting queue if all representatives are busy. Timing ends when a customer representative answers the call.⁴ Customers choosing the VRU option are not counted in this calculation. The percent of calls not answered within 20 seconds is calculated by dividing the number of calls not answered within 20 seconds by the total volume of calls. The Percent of Calls Not Answered Within 20 Seconds - Repair Office is calculated monthly and the monthly results are averaged to determine annual performance.

Performance Area 7- Percent Installation Appointments Not Met For Company Reasons: This performance area measures the percentage of appointed residence and business as defined in the Customer Installation Service Results (CISR) basic exchange service requests for new, additional or transferred service that are not completed on the original negotiated appointment due to

2. When a customer calls the Residence or Business Service Centers, the call is answered by the ACD. One of the options is to report a trouble to repair. If the customer selects this option, the call is on line transferred to the Repair Center. This call is measured in the speed of answer for the Repair Center.

3. When a customer calls a Repair Center and the queue is full, they hear a recording that all representatives are busy and please call back. During extremely busy conditions, the customers may hear a busy signal. All of these calls are counted in the busy rate.

4. When a customer calls the Residence or Business Service Centers, the call is answered by the ACD. One of the options is to report a trouble to repair. If the customer selects this option, the call is on line transferred to the Repair Center. This call is measured in the speed of answer for the Repair Center.

company reasons.⁵ An appointment is considered missed if the service order work has not been fully completed by midnight of the appointment date. This information is recorded in the CISR system. The Percent Installation Appointments Not Met For Company Reasons is calculated monthly and the monthly results are averaged to determine annual performance.

Performance Area 8a - Installation Held Order Rate-Residence and Business: This performance area measures the percentage of lines that have missed the original negotiated appointment date due to a Company facility-related reason.⁶ The rate of lines held for facility reasons is calculated by dividing the number of lines that missed their original negotiated due date by the total volume of Residence and Business basic exchange service requests for new, additional or transferred service, as defined in the CISR. This information is recorded in the CISR system. The Installation Held Order Rate is a combined Residence and Business rate. The Installation Held Order Rate is calculated monthly and the monthly results are averaged to determine annual performance.

Performance Area 8b - Average Delay Days Installation Held Orders - Residence and Business: This performance area measures the number of delay days between the customer's original negotiated appointment date and the completion date of the customer's service request on all orders that were missed for facility reasons. The average delay day result is calculated by dividing the total number of delay days on orders held for facility reasons by the total number of orders held for facility reasons. The result is calculated in the month the order is completed. This information is recorded in the CISR system. Line extensions are not included in this measurement until all Bell Atlantic and customer requirements are met and the installation appointment date has been negotiated.⁷ The Average Delay Days Installation Held Orders is a combined Residence and Business result. The Average Delay Days Installation Held Orders-Residence and Business is calculated monthly and the monthly results are averaged to determine annual performance. .

Performance Area 9 - Service Reliability: This performance area measures the reliability of the network and records major service failures that impact significant numbers of customers as a result of a service failure in any of the following categories:

5. Service orders included in this measurement are service requests for the initial connection of service as well as changes to existing customer's service, such as adding a Bell Atlantic custom calling feature such as Call Waiting.

6. A Company facility-related miss is any service request that could not be installed on the customers original negotiated appointment date due to a shortage of telecommunications-carrying plant and/or switching plant. The status codes used in tracking these orders held for facility reasons are: CF, CF A, CUS, CXM, DPS, ENG, FAC, NGO, PCB, RF, SSC, WF.

7. A line extension is a request for service that would require Special Construction (part A, Section 2, and Pages 2.8 of Public Service Board Tariff #25) due to the location of the premise where service is requested in relation to Bell Atlantic's existing facilities.

- 1) Service Outage: 5,000 access lines out of service simultaneously resulting in a "no dial tone" condition for more than 30 minutes.
- 2) Interoffice Facility Failure: Interoffice call blockage impacting 30,000 access lines for more than 30 minutes.
- 3) Signaling System Failure: Loss of interoffice calling capability from one host central office to another as a result of a Signaling System failure for more than 30 minutes.

Performance Area 10A - Umbilical Blockage : This performance area measures the percent of call attempts that cannot be completed due to an umbilical link between the remote office and the host office being at full capacity. The umbilical blockage for a particular umbilical set⁸ is calculated by dividing the total blocked attempts at accessing the network by the total attempts at accessing the network (numerator = blocked attempts and denominator = total attempts). Umbilical blockage is recorded 24 - hours a day, Monday through Friday. This information is resident in the Traffic Data Management System (TDMS). Umbilical blockage is calculated monthly (report month begins the 23rd of a month and ends the 22nd of the subsequent month). Umbilical sets that exceed the threshold are tracked monthly and the monthly results are averaged to determine annual performance.

a. Exceeding Threshold

The baseline standard is the percent of umbilical sets that exceed the 0.11% threshold. In each year the baseline standard for umbilical sets exceeding the established threshold is expressed as a percent of the total umbilical sets serving Verizon customers. The baseline standard is 7% of the total umbilical sets in each year. The Company's performance is calculated as an annual average (the sum of the monthly results divided by twelve). These performance results will be expressed as percentages of the total umbilical sets, rounded to an integral number. If the computed results are not integers, the actual number is rounded down when the decimal is less than .5. One Service Quality Compensation point will be assessed for each percentage of umbilical sets that exceed the baseline standard.

b. Exceeding Threshold for 3 Consecutive Months

One Service Quality Compensation point will also be assessed for every umbilical set that exceeds the established threshold of 0.11% blocking for more than 3 consecutive months, including periods of consecutive months that begin in a prior year. There will be one exception each calendar year. One Service Quality Compensation point will be assessed for every month

8. Umbilical set is defined as the collection of umbilical OSIs associated with a single remote switch module.

the umbilical set remains over 0.11% blocking beyond the three (3) consecutive months. For the one annual exception under which an umbilical set can exceed the 0.11% blocking threshold for three (3) consecutive months and no longer than six (6) consecutive months, one Service Quality Compensation point will be assessed for every month beyond six consecutive months the umbilical exceeds 0.11% blocking.

c. Percent of Umbilical Sets Not to Exceed 0.0% Blocking

The baseline standard is 35%. The Company's performance is calculated as an annual average (the sum of the monthly results divided by twelve). For each percentage of umbilical sets over the baseline standard of 35% of the total umbilical sets that exceeds the threshold of 0.0% blocking, one Service Quality Compensation point will be assessed. If the computed results are not integers, the actual number is rounded down when the decimal is less than .5.

Performance Area 10B - Dial Tone Speed: This performance area will measure the

number of switch modules that exceed the established threshold of .20% for dial tone speed each month. It will be measured 24 - hours a day, Monday through Friday. This information is resident in the TDMS. The baseline standard is 7%. The number of switch modules that exceed the established threshold of .20% will be tracked monthly and the monthly results will be averaged to determine annual performance. If the annual average exceeds the baseline standard, the difference between the annual average and the baseline standard will determine the Service Quality Compensation points. Service Quality Compensation points will also be assessed for the number of switch modules that exceed the established threshold of .25% for dial tone delay greater than 3 seconds for more than 9 consecutive months.

Attachment 2

Performance Areas and Baseline Standards

1.	Network Trouble Report Rate:	1.4
2.	Troubles Not Cleared within 24 hours-Residence:	30%
3.	Troubles Not Cleared within 24 hours-Business:	10%
4.	Calls Not Answered within 20 seconds-Residence Offices:	25%
5.	Calls Not Answered within 20 seconds-Business Offices:	25%
6.	Repair Centers	
a.	Busy Rate:	3.0%
b.	Calls Not Answered Within 20 seconds:	20%
7.	Installation Commitments Not Met for Company Reasons-Residence and Business Total:	2.5%
8.	Installation Held Orders Residence and Business Combined:	
a.	Missed Installation Rate:	0.70%
b.	Average Delay Days for Missed Installations:	14
9.	Service Reliability:	
a.	Service Outage (5,000 lines over 30 minutes):	1
b.	Interoffice Facility Failure (30,000 lines over 30 minutes):	1
c.	Signaling System Failure (outages over 30 minutes):	1
10A.	Umbilical Blockage	
a.	Units greater than .11% Blocking:	7%
b.	Units greater than .11% Blocking for longer than 3 consecutive months:	0%
c.	Units greater than 0.0% blocking:	35%
10B.	Dial Tone Speed	
a.	Switch modules with dial tone delay greater than .20%:	7%
b.	Switch modules at greater than .25% dial tone delay for longer than 9 consecutive months:	0

Attachment 3

Calculation of Service Quality Compensation

<u>Service Quality Compensation Points</u>			<u>Service Quality Compensation Dollars</u>	<u>Maximum Service Quality Compensation Dollars</u>
251	to	300	(\$75,938)	(\$10,515,650)
201	to	250	(\$50,625)	(\$6,718,750)
151	to	200	(\$33,750)	(\$4,187,500)
101	to	150	(\$22,500)	(\$2,500,000)
26	to	100	(\$15,000)	(\$1,375,000)
0	to	25	(\$10,000)	(\$250,000)

Example: 163 service quality compensation points = \$2,938,750.